New England BUSINESS REVIEW

MAY 1956

Published monthly by the FEDERAL RESERVE BANK of BOSTON

Business Use of Bank Credit Doubles Since 1946

Use of bank credit for financing production, distribution, and business services has expanded greatly in the postwar period, according to the recent survey of commercial and industrial loans of member banks. Both the number and amount of business loans of First District member banks more than doubled between late 1946 and October 1955, the dates of the last two business loan surveys. These surveys bring out the growing use of bank credit throughout the region by concerns of all sizes in every phase of economic activity.

Amount of Business Loans

Member bank loans in the First District which were made for business purposes, including those secured by real estate, totaled $1,770 million last October 5. This amount represented a 136 per cent increase from the $749 million on November 20, 1946, when a similar survey of the characteristics of business lending was made.

(Continued on page 2)

Also

Unemployment in New England Near Peacetime Low, ***Page 4.***
Hardwood Pulp — Its Manufacture and Use, ***Page 6.***
Easter Sales Snowbound, ***Page 8.***

In general the dollar amount of First District business loans last October was distributed much as in 1946. Several shifts occurred, however, reflecting changes in the direction of economic activity and in financing methods.

Retail trade concerns displaced the wholesale trade category as the largest borrowing group as shown in the accompanying table. The $228 million in outstanding loans to retail trade enterprises was 13 per cent of total business loans and represented a 125 per cent increase over 1946. Retail trade concerns not only needed financing for the usual purposes of enlarging inventories and store space, but since 1946 they have quadrupled the amount of instalment credit extended to consumers.

Other borrowing categories which reflect expansion of credit in the postwar period to final consumers are **sales finance** and **real estate.** Business loans to sales finance companies almost quadrupled, rising from a level of $44 million in 1946 to $154 million in 1955. While the real estate category, including operators, brokers, developers, etc., was not listed separately in 1946, loans to this group totaled $168 million in 1955. Their loans in 1946 were included in the $42 million of the "other nonfinancial" group.

Textiles, apparel, and leather manufacturers ranked second in amount of loans, compared to third in 1946. Loans to this group totaled $199 million on October 5, 1955, up 140 per cent since late 1946. In spite of the decline in textiles manufacturing in New England, the group as a whole continued to be an important user of bank credit in the region. Their borrowings accounted for 11.3 per cent of total business loans, over double the national proportion of 5.5 per cent.

Wholesale trade borrowing showed a fairly moderate increase of only 27 per cent, rising from $138 million in 1946 to $174 million in 1955. This industry was a heavy borrower already in 1946 in comparison with total assets, and thus there was not as much leeway for increased use of bank credit as there was in other industry groups.

Credit extended by First District member banks to **metals manufacturing and mining** concerns and to the **"other manufacturing and mining"** group increased by 90 and 140 per cent, respectively. The latter group includes lumbering, pulp and paper manufacture, printing and publishing, and stone, clay, and glass. One third of the loans to the "other manufacturing and mining" group were term loans reflecting, among other factors, the use made of this type of borrowing by pulp and paper mills.

Business loans to the **transportation, communication, and public utilities** group more than tripled between 1946 and 1955. The $132 million in loans on October 5, 1955 to this category accounted for 7.4 per cent of the total compared to 5.5 per cent share of this group in 1946. Both short- and long-term loans shared in the expansion. Important among the short-term loans to this category are construction loans to telephone and electric power companies. These short-term construction loans are usually repaid by the proceeds of bond sales. Railroads have become leading users of long-term bank credit in the postwar period. They obtain bank loans by means of conditional sales contracts to finance purchases of locomotives, passenger cars,

BUSINESS LOANS OF FIRST DISTRICT MEMBER BANKS

October 5, 1955 and November 20, 1946
(Estimates based on sample survey)

	NUMBER		AMOUNT, in millions of dollars					
			Short-term		Long-term		All loans	
	1955	1946	1955	1946	1955	1946	1955	1946
Manufacturing and mining:								
Food, liquor, and tobacco	2,744	625	$ 56.6	$ 37.0	$ 15.8	$ 11.2	$ 72.4	$ 48.2
Textiles, apparel, and leather	3,314	1,682	175.3	59.6	23.9	22.1	199.2	81.7
Metals and metal products	5,470	2,511	126.1	58.3	38.4	29.2	164.5	87.4
Petroleum, coal, chemicals, and rubber	1,075	581	8.5	12.9	46.3	27.3	54.8	40.2
Other manufacturing and mining	8,042	2,885	108.1	24.3	54.7	43.3	162.7	67.4
Total	**20,645**	**8,284**	**$ 474.6**	**$192.0**	**$179.1**	**$133.1**	**$ 653.7**	**$325.1**
Trade:								
Wholesale	8,664	6,748	$ 152.2	$132.3	$ 22.3	$ 5.2	$ 174.4	$137.5
Retail	35,170	18,077	171.2	71.9	56.8	29.8	228.0	101.7
Total	**43,834**	**24,825**	**$ 323.4**	**$204.2**	**$ 79.0**	**$ 35.0**	**$ 402.5**	**$239.2**
Other:								
Sales finance companies	828	405	$ 148.1	$ 39.3	$ 6.4	$ 4.5	$ 154.5	$ 43.8
Transportation, communication, and other public utilities	3,386	3,579	74.4	13.1	57.5	28.2	131.8	41.3
Construction	8,559	2,884	60.5	17.7	14.5	2.4	74.9	20.2
Services	22,727	6,708	66.0	15.9	43.3	21.7	109.3	37.6
Real estate	5,220	—	128.3	—	39.6	—	167.9	—
Other nonfinancial	5,122	3,824	57.4	26.0	17.6	15.8	75.0	41.8
Total	**45,842**	**17,400**	**$ 534.7**	**$111.9**	**$178.7**	**$ 72.6**	**$ 713.5**	**$184.7**
Total, all businesses	**110,321**	**50,509**	**$1,332.8**	**$508.2**	**$436.9**	**$240.8**	**$1,769.6**	**$749.0**

and other equipment. Many railroads find this type of financing is faster and more flexible than public sales of equipment trust certificates.

Number and Average Size of Business Loans

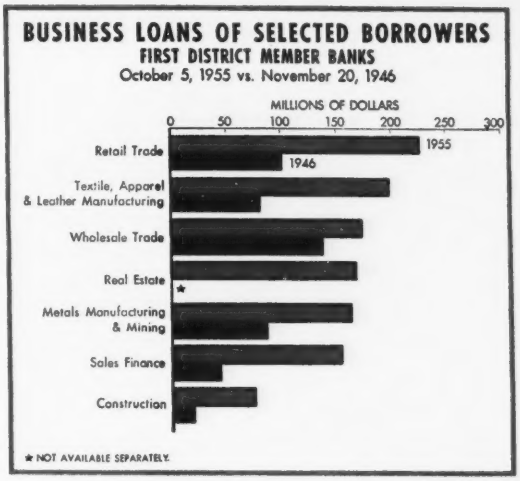
A striking feature of the postwar business loan expansion was the fact that average loan sizes remained practically unchanged. The total amount of business loans in the First District increased by 136 per cent from 1946 to 1955, while the number of these loans increased by 122 per cent. As a result, the average loan size in 1955 at $16,000 was only slightly larger than the District average of $15,000 in 1946. The national average business loan size rose during the same period to $23,000 from $20,000.

It might have been expected that, as price rises and volume increases caused sales and other economic value measures to nearly double between 1946 and 1955, the average borrower would have reason to increase his loan size proportionately. Among the factors involved in the stability of average loans sizes is the greater reliance of some larger borrowers on other sources of credit, such as insurance companies. In addition, banks probably attempted to ration credit to some extent by restricting loan sizes.

The 110,000 business loans outstanding on October 5, 1955 compared with an estimated 270,000 businesses in operation in New England. Since the number of operating businesses in the area increased only about ten per cent between 1946 and 1955, the more than doubling in the number of loans meant that in 1955 there were two business loans for every five operating businesses as compared to one loan per five businesses in 1946. It should be pointed out in this comparison that some loans made by First District member banks are outside New England, and some firms, especially some of the larger ones, have more than one loan. Since a substantial majority of the number of loans are made to smaller businesses, however, it is felt that these factors do not significantly affect the comparison of numbers of loans and businesses.

With the average loan size remaining about the same in 1955 as in 1946, the expansion in loan volume resulted almost entirely from the entrance of new borrowers into the loan market. This type of broadening in bank lending activities is significant in several ways. It indicates that more businesses have reached the point where internal funds are no longer adequate to take care of desired expansion. It also illustrates the growing role of bank credit in the economy. Finally, this broadening of bank lending serves to connect the loan markets of the nation which, in turn, channels the effects of ease or restraint in monetary policy to every segment of production and distribution.

The number of business loans in First District



member banks is distributed by type of business in a pattern quite similar to the distribution of operating businesses in New England. The distribution of both loans and operating businesses is much the same in the First District as in the nation.

Loans to **retail trade** concerns were most numerous in 1955 as in 1946, with the 35,000 loans in this category in 1955 accounting for 32 per cent of the total. Retail loans are next to smallest in average size at $6,500 in 1955 and $5,600 in 1946.

Service firms, such as repair establishments, hotels, laundries, and amusement places, rank second in number of loans, with the 23,000 in this group accounting for 21 per cent of the 1955 total. Service loans are smallest in average size at about $5,000 both in 1955 and 1945.

Wholesale trade and **construction** each accounted for roughly 9,000 loans in 1955, about eight per cent of the total. However, wholesale loans were only a fourth more numerous than in 1946, while construction loans tripled during this period. Average loan sizes remained unchanged in wholesale trade at $20,000 while those in construction rose slightly, from $7,000 in 1946 to $8,800 in 1955.

The only substantial increase in size of average loan since 1946 was in the **sales finance** category where there was a rise from $108,000 to $186,500 in 1955. Sales finance companies rely heavily on bank credit as well as on directly-placed commercial paper for the financing of their consumer credit extensions. The larger sales finance companies maintain lines of credit with almost all larger banks and with many smaller banks as well.

NOTE — The material presented here is the first of a series of reports on the results of a sample survey of business loans at member banks in the First Federal Reserve District. The survey was conducted by the Federal Reserve Bank of Boston. Similar surveys were made in all districts. Since the results are based on a sample of banks and loans, they are subject to errors inherent in sample surveys.

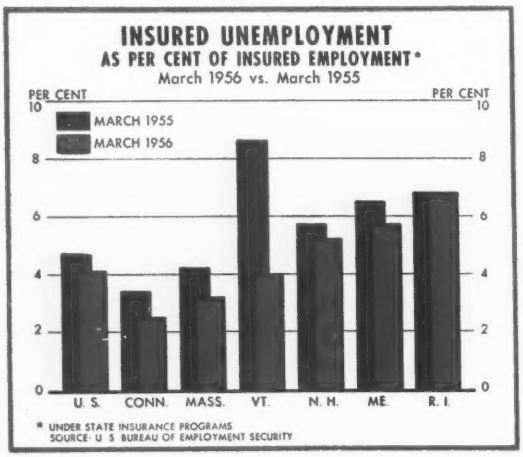
Unemployment in New England Near Peacetime Low

Insured unemployment in New England fell to a peacetime low of 65,000 in November 1955. Since then seasonal influences have been principally responsible for an increase in the number of workers collecting unemployment compensation. However, the number of persons collecting benefits and the average rate of insured unemployment in March 1956 was lower than in any previous peacetime March since the end of World War II.

The sustained high level of business activity during the first quarter of 1956, following the rapid expansion of many lines of business in 1955, kept unemployment at low levels in both New England and the nation. In early April the number of New England jobless workers collecting unemployment insurance benefits was 16 per cent less than a year ago and 40 per cent smaller than in April 1954.

No data on total unemployment in the region are regularly available but information on the unemployment experience of workers covered by the various unemployment insurance programs gives a good indication of trends in the region. Over 80 per cent of New England nonfarm workers are in jobs covered by either state or federally administered unemployment compensation programs.

Insured unemployment in New England has been under year-earlier levels in each month since February 1955. It reached a 1955 low in November and increased seasonally in December and January. Then the number of workers seeking jobs fell off slightly in February. The unusually early seasonal layoffs in some soft-goods industries coupled with the disrupting effects of late March snowstorms resulted in a slight increase in the unemployment average. In March, insured unemployment in New England averaged close to 102,000 compared with 133,000 in the same month of 1955 and the recession high of 176,000 in May 1954.



Insured unemployment in the region is probably close to its minimum level. The recent increase in nonfarm jobs in New England has not resulted in equivalent declines in unemployment. Over the past year nonagricultural employment in the region increased by 84,500 while insured unemployment decreased by 31,500. In March of this year 105,500 more people were employed in New England than at the 1954 recession low point. Insured unemployment was down 63,800 over the same period. A strong upturn in the region's textile industry could further diminish the unemployment lists. In the absence of increased demand for workers with textile skills, further reductions in unemployment totals are likely to be small.

A large part of the need for additional workers over the past several years has been met by the expansion of the region's labor force. Besides the natural accession accounted for by young people coming into the labor force each year, the high level of economic activity has attracted women who would not regularly be included in the work force and has held workers who would normally have retired from the labor force in less prosperous periods. As a result of this expansion in the labor force and the extension of unemployment benefits to more workers, it is likely that in the future the actual volume of insured unemployment will be higher even in periods of relatively full employment than has been the case in the past.

Each of the New England states has shared in the region's improved employment position. The average ratio of insured unemployment to insured employment under state programs ran below year-earlier levels in all states in the region from May 1955 through February of this year. In March, however, a rise in Rhode Island unemployment caused the rate for that state to equal the year-ago level. The largest year-to-year decline took place in Vermont principally because of the recovery in the state's durable-goods industries.

The general improvement in business conditions during 1955 was reflected in the operations of the unemployment insurance system. Between 1954 and 1955 the annual average of weekly insured unemployment under the state programs declined by 30 per cent in New England and 31.6 per cent nationally, with wide variations in the experience of the various states in the region. Initial claims for unemployment compensation, reflecting new un-

employment, declined 20 per cent in the region, with reductions in claims filed in the various states ranging from 12 per cent in Connecticut to 30 per cent in New Hampshire. The number of weeks of unemployment covered by continued claims declined even more, with the New England drop of 29.5 per cent only slightly less than the national decrease of 31.2 per cent. Again wide differences existed among the states; the reduction in weeks of unemployment ranged from 13.2 per cent in Vermont to 41.4 per cent in Rhode Island.

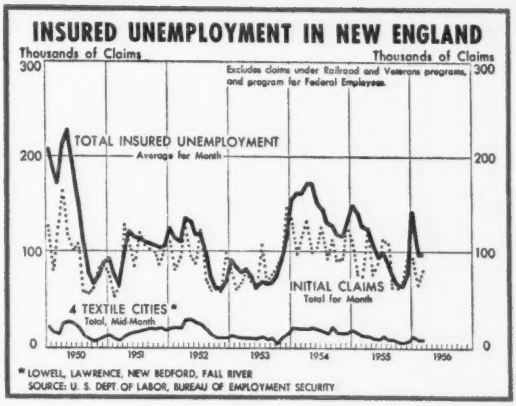
Fewer workers collecting unemployment benefits and a smaller number of weeks requiring compensation resulted in a year-to-year decline of 30.5 per cent in the total amount of benefits paid out in New England in 1955. Nationally such payments were down 32 per cent over the year. Total benefit payments were reduced by at least a fourth in all states of the region except Maine and Vermont. Under the state programs unemployment compensation payments in New England totaled $107.5 million in 1955 compared to $155 million in 1954.

When employment opportunities increase there is usually a reduction in the length of unemployment and the number of persons who exhaust their benefit rights. In 1955 the number of jobless workers in New England who exhausted their unemployment compensation payments was 24 per cent less than in the previous year. Year-to-year job losses were greater in the durable-goods industries than in the nondurable-goods industries during late 1954 and early 1955. As a result, year-to-year gains in exhaustions in Connecticut were minor and they registered only a slight drop in Vermont. In contrast, there were substantial reductions in other states which felt the 1954 recession earlier than these predominantly durable-goods producers.

Labor Supply Tightens

While there were marked reductions in the volume and duration of unemployment in New England during 1955, there were still more job seekers than in the banner year 1953. However, there has been a general tightening in the supply of labor in all of the region's major labor market areas. Unemployment declined even in such long-suffering areas as Lowell and Lawrence, both hard hit by the exodus of textile firms.

In the March 1956 classification of the region's 17 major labor markets regularly surveyed as to adequacy of labor supply by the U. S. Department of Labor, none were judged to have a critical shortage of workers. In five major Connecticut areas, job opportunities were slightly in excess of job seekers. Workers seeking employment slightly exceeded job openings available in eight areas, principally in Massachusetts. The remaining three areas, Lowell, Lawrence, and Providence, continued to have a substantial labor surplus. But even



in these areas employers were having difficulty finding workers for some occupations. Only three smaller New England areas, Danielson, Connecticut; Biddeford and Sanford, Maine; and Burlington, Vermont, were classified in the labor-surplus group in March.

A year ago six of the 17 major areas in New England were classified as having a substantial labor surplus: Portland, Maine; Fall River, Lawrence, Lowell, and New Bedford, Massachusetts; and Providence, Rhode Island. Ten smaller areas were also classified in this labor supply grouping.

Nationally there has also been a general tightening of the labor supply over the past year. While there are no areas considered to be suffering from substantial labor shortages, the number of major areas with substantial labor surpluses has been reduced from 43 in March 1955 to 19 in March of this year. When the smaller areas that are classified by the Department of Labor because of the existence of substantial unemployment are considered, the national total for areas in the surplus labor groupings declined from 156 last year to 84 in March 1956.

Renewed attention is being directed to the problems of areas suffering from long-term unemployment. In the 1956 State-of-the-Union message, President Eisenhower said: "We must help deal with the pockets of chronic unemployment that here and there mar the nation's general industrial prosperity." Already a number of measures have been introduced into the Congress providing for federal assistance to supplement the efforts of local private and government groups in meeting the problems of these areas. The two principal bills under consideration are the Area Assistance Act of 1956 and the Depressed Areas Act. Both measures provide for federal government loans and grants and technical assistance to foster industrial development of chronically depressed areas. Legislative action on either of these bills during the present session is quite uncertain.

HARDWOOD PULP–Its Manufacture and Use[1]

No matter how "growth" is calculated, the pulp and paper industry has been one of the fastest growing industries in the United States. Since 1900 total consumption of products from this industry has increased about fifteenfold. Per capita consumption is nearly seven times as great as it was in 1899.

More important is the fact that the pulp and paper industry is expected to grow at a phenomenal rate in the next 20 years. In 1955, the consumption of paper and paperboard in the United States was about 34.5 million tons. Recently, three independent research organizations have estimated that 1975 consumption will reach 52-58 million tons. The 58 million figure corresponds closely with the expectations of many of the best informed economists in the pulp and paper industry.

This increased consumption means that by 1975 wood pulp production in the United States (with allowance for prospective imports, use of waste paper, etc.) may have to be as much as 14 million tons per year greater than it is now. An increase of this magnitude would require construction of the equivalent of 170 three-hundred-ton-per-day pulp mills in the United States before 1975.

It is unlikely that existing softwood timber resources of the United States could supply the raw material for this expansion. Fortunately, this is not a dismal prospect. The conversion of hardwood trees into pulps which meet required standards for many uses is an established reality and there is every indication that hardwoods will become increasingly important in the future expansion of the pulp and paper industry.

Despite the national record of tremendous growth, the pulp and paper industry has grown relatively slowly in New England during the last 20 years. The development of pulping processes to handle southern pines and Douglas Fir has permitted a rapid expansion in the South and in the Pacific Northwest. Until recent years,[2] however, the industry's expansion in this region has been hindered by its dependence on spruce, fir, hemlock, and aspen for raw material.

The question now is: Will New England's forest land, water, labor, transportation, and fuel and energy resources enable it to compete effectively for its share of the expected expansion in the pulp and paper industry in the next two decades?

Forest Resources: Approximately 160 million cords of hardwood pulpwood are now standing on New England's commercial forest land. Annual growth of this hardwood exceeds the annual cut by 4.5 million cords. Pulpwood is in particularly good supply in southern New England where the annual growth of hardwood is 1.3 million cords and only 200,000 cords are cut each year.

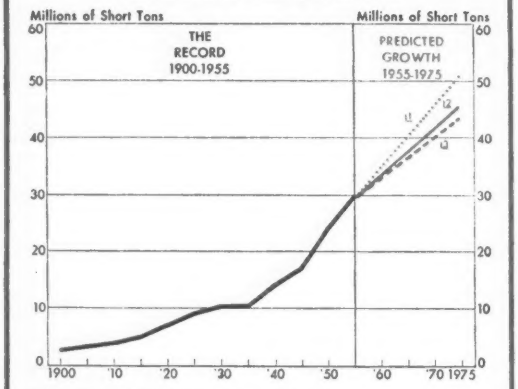
The annual raw material requirement of a 300-ton-per-day semi-chemical pulp mill is about 100,000 cords of hardwood. This region contains a number of sites which are within 50 miles of an acreage of forest land that could easily supply this volume on a sustained yield basis. This timber supply offers an important advantage to a firm wishing to acquire mill sites and develop procurement territories now while it has a choice of such sites and territories.

New England's forest resources do present some problems, however. Labor rates for woods work are generally high. Much of the timber is relatively small and the tracts to be cut are generally small because of the ownership pattern. Despite such disadvantages, hardwood suitable for pulping can be obtained at prices which are not much higher than those prevailing in other regions.

New England's large reservoir of hardwood material is, therefore, one of its most important attractions to the expanding pulp and paper industry.

Labor Costs: Labor costs for workers in the pulp, paper, and paperboard mills are relatively low in New England. According to an April 1952 survey of the Bureau of Labor Statistics, these workers in this region received the lowest average hourly wages in the nation. At that time the average pay

GROWTH OF PAPER & PAPERBOARD PRODUCTION IN THE UNITED STATES, 1900-1975



SOURCE: 1900-1955 AMERICAN PAPER AND PULP ASSOCIATION.
U UNITED STATES FOREST SERVICE FORECAST.
S STANFORD RESEARCH INSTITUTE FORECAST.
C THE PRESIDENT'S MATERIALS POLICY COMMISSION FORECAST.

[1] This article is based on a publication of the same name which was compiled and written by H. B. Shepard through a research grant from the Federal Reserve Bank of Boston. The full report can be obtained for $2.00 from its publisher — the New England Council, Statler Office Building, Boston, Massachusetts.

[2] For a discussion of the recent growth in hardwood use in New England, see *Monthly Review* for January 1954.

for production workers in the pulp, paper, and paperboard industry in the nation as a whole was $1.52 per hour as compared with an average of $1.39 per hour in New England.

The Market Potential: In New England, there are 107 paper and paperboard mills which do not produce their own supply of pulp. As a result of the response received from a confidential questionnaire sent to each of these nonintegrated mills, it has been calculated that about 19 per cent of their wood pulp requirements or about 85,000 tons each year is hardwood pulp. Although much of this pulp is purchased in the northeastern United States, a large part of it is imported from the South, from Canada, and from the Scandinavian countries.

There are, moreover, 130 additional nonintegrated paper and paperboard mills in New York, New Jersey, and Pennsylvania. If those states depend on hardwood pulp to the same extent as New England, their annual consumption of hardwood pulp can be estimated as 80,000 tons. Altogether, therefore, approximately 165,000 tons of hardwood pulp are consumed annually in the Northeast by nonintegrated mills.

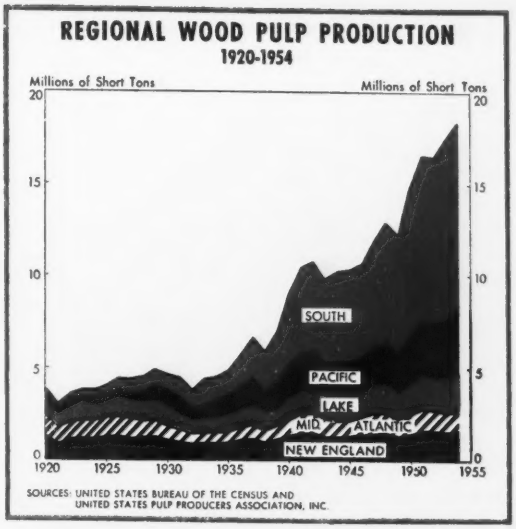
This figure does not represent the total possible market for hardwood pulp. For example, there are numerous partially integrated paper and paperboard mills in the Northeast which supplement their own production by purchasing pulp in the market or from other manufacturers on contract.

Semi-chemical hardwood pulp is also a preferred raw material in the manufacture of corrugating medium — the middle ply of the containerboard used in the box-making industry. More than 500,000 tons of this material are contained in the paperboard boxes manufactured in the Northeast each year. Here is a large potential market for the mill operator who is willing to manufacture corrugating medium as well as hardwood pulp.

Today, the economics of pulp and paper manufacture strongly favor such an integrated operation. That is, if a concern is going to manufacture wood pulp it might better, from the point of view of net returns on its investment, make the additional financial outlay necessary for the conversion of pulp into paper and paperboard in its own paper mill.

Of course, if a prospective mill operator should elect to convert all his pulp, the existing paper and paperboard mills would be prevented from obtaining a part of their pulp supply at the new mill. It is possible, therefore, that some of these independents should participate in the financing and operation of a new mill in order to obtain the benefits of having a stable, nearby, and probably low-cost supply of hardwood pulp.

Water Supplies: All pulp and paper mills demand large volumes of water. Process water is needed in manufacturing, large volumes of water are needed to dilute the waste effluent, and condenser cooling water is necessary if the mill produces its own steam and power needs.



New England is fortunate in having a plentiful supply of water. It boasts 2,300 miles of streams which can be expected to have a minimum flow of 100 million gallons a day. The quality of this surface water is generally better than in most other regions of the United States; it is generally soft and low in suspended solids and mineral content.

Pollution: All six New England states have established agencies to measure and control pollution. Furthermore, all six are signatory to the New England Interstate Water Pollution Control Compact which provides for coordination of the various state programs on interstate streams.

Thus any new pulp mill in New England would be required to establish an effective treatment plant. At the present time, this might impose a serious obstacle for a mill using the new and popular neutral sulphite semi-chemical process for pulping hardwoods for, as yet, no economical method of controlling pollution from this process has been commercially proven. There are good grounds, however, for believing that a practical method will be found in the near future. Moreover, the pollution problem has been solved for the kraft process of pulping hardwood and a solution for the sulphite process is in sight.

Fuel and Energy Costs: In New England the average level of industrial power and fuel costs is somewhat higher than the national average and is substantially higher than in some other parts of the country. Insofar as fuel and power costs are concerned, pulp producers in such areas can have as much as a five per cent cost of production advantage over a New England pulp mill paying average New England rates.

These facts can be misleading, however. For example, there are large areas within New England where power costs are well below the regional average. Also, many pulp producers in other regions who benefit from low-cost power and fuel have a substantial transportation cost disadvantage in the northeastern market. Furthermore, many of these producers cannot expand because of limited raw material or water supplies.

Transportation Costs: One of the advantages of integrated pulp and paper operations is the low cost of moving pulp from the pulp mill to the paper mill. It can be piped the short distances between the two mills in slush form. Pulp can also be made up as wet laps, with a moisture content which may run as high as 65 per cent or more, or it can be run over steam rolls and dried to a moisture content of 15 per cent or less. However, the weight of the wet laps increases shipping costs, and drying pulp to a low moisture content is expensive.

It is possible, nevertheless, to conceive of a pulp mill located in southern New England where wet laps could be delivered at reasonable cost to nearby paper and paperboard mills by truck. The resultant saving, along with the advantage of being located within 300 miles of most of the northeast market, provides southern New England with an important attraction for the pulp and paper industry.

Conclusions

New England offers many advantages to the expanding pulp and paper industry. It provides a large supply of hardwood timber, a relatively inexpensive labor force, a plentiful supply of high quality water and accessibility to a large nearby market. On the other hand, delivered pulpwood prices and fuel and power costs are somewhat higher here than in some other regions and the pollution problem for some pulping processes has not yet been solved. Despite these disadvantages, it appears inevitable that the pulp and paper industry will expand in this region.

EASTER SALES SNOWBOUND

New England's department store merchants had their hopes for banner Easter sales buried by three blizzards occurring within eight days in the midst of the Easter selling season. Two of the storms made shopping extremely difficult on separate week ends, and the intervening one, on a Monday, cancelled much of the effect of heavy Sunday newspaper advertising. Normally, department store sales during March should have shown a gain of five per cent over those of March 1955, solely because Easter fell on April 1 this year and on April 10 last year. An additional gain of five per cent would have been necessary to maintain the district's seasonally adjusted sales index for March at the January-February level. Actually, sales during March were only two per cent larger than a year ago.

The typical weekly pattern of Easter season sales appears in last year's indexes plotted on the accompanying chart and contrasts sharply with this year's pattern, particularly for the weeks ending March 17 and 24. Although sales in the week before Easter set a new high for an Easter season week, sales during the four weeks just before Easter this year were 15 per cent below those during the similar period last year. Boston and Providence stores generally suffered greater losses than did those in other parts of New England. Some suburban stores lost potential sales due to difficulties in keeping vital parking areas cleared of snow.

The wearing apparel and accessories departments, where much of the Easter shopping is concentrated, were most severely affected by the storms and may possess inventories high relative to expected sales levels for a time. Post-Easter sales have been good, however, and may indicate the possibility of a return to the sales levels of the first two months of the year.